

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-08 AID-05 AGRE-00 OMB-01

TRSE-00 /025 W

-----125804 071244Z /53

R 070615Z SEP 77

FM AMEMBASSY KABUL

TO SECSTATE WASHDC 4326

INFO AMEMBASSY ABU DHABI

AMEMBASSY KUWAIT

UNCLAS KABUL 6260

EO 11652: NA

TAGS: BENC, AF

SUBJ: MAJOR PROJECT: BAGHLAN SUGAR REFINERY

REF: A) STATE 211365, B) KUWAIT 5032

1. THE BAGHLAN SUGAR REFINERY IS ONE OF THE LARGEST INDUSTRIAL PROJECTS PROJECTED FOR COMPLETION DURING THE AFGHAN SEVEN-YEAR PLAN (1976-83). TOTAL CAPACITY OF THE REFINERY IS PLANNED TO BE 27,000 TONS PER YEAR AND COST IS ESTIMATED ABOUT DOLS 45 MILLION OF WHICH DOLS 36 MILLION IN FOREIGN EXCHANGE COSTS WILL BE FINANCED FROM FOREIGN LOANS. A BRITISH COMPANY, TATE AND LYLE, COMPLETED A PRE-FEASIBILITY STUDY FOR THE REFINERY ABOUT A YEAR AGO.

2. EMBASSY DISCUSSED THE CURRENT STATUS OF THE PROJECT WITH ENG. ABDUL ALI ABAWI, ACTING PRESIDENT OF INDUSTRIES, MINISTRY OF MINES AND INDUSTRIES. ABAWI STATED THAT THE MISINSTRY PLANS TO SIGN A CONSULTANCY CONTRACT FOR THE SUGAR REFINERY WITH TATE AND LYLE SHORTLY. THE CONSULTANCY CONTRACT WILL AMOUNT TO ABOUT DOLS 1.2 MLWLION AND, ACCORDING TO ABAWI, WILL BE FINANCED BY KUWAIT. TATE AND LYLE WILL UNDERTAKE FURTHER FEASIBILITY STUDIES AND WILL BE INVOLVED

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IN THE EVENTUAL SUPERVISION AND CONSTRUCTION OF THE PLANT. INTERNATIONAL TENDERS WILL BE ISSUED FOR EQUIPMENT AND MACHINERY. IT IS UNCERTAIN AT THIS TIME WHETHER A FOREIGN CONSTRUCTION COMPANY WILL BE CONTRACTED OR IF THE CONSTRUCTION WILL BE DONE BY A LOCAL COMPANY. ABAWI COULD NOT ESTIMATE WHEN TENDERS FOR EQUIPMENT AND MACHINERY WOULD BE

ISSUED, BUT SAID THAT THE GOVERNMENT HOPES TO BEGIN CONSTRUCTION IN ABOUT A YEAR.

3. OTHER THAN STATING THAT KUWAIT WILL FINANCE THE FOREIGN EXCHANGE PORTION OF THE COST OF THE REFINERY, ABAWI HAD NO INFORMATION CONCERNING THE STATUS OF THE LOAN FROM KUWAIT OR THE ABU DHABI FUND.

4. THE HERAT SUGAR REFINERY, PLANNED FOR AN EVENTUAL CAPACITY OF 48,000 TONS, IS FURTHER DOWN THE PIKE ACCORDING TO ABAWI. PHASE ONE OF THE REFINERY (DOLS 45 MILLION) IS SCHEDULED TO BE COMPLETED DURING THE SEVEN-YEAR PLAN. KUWAIT IS LISTED AS THE PROBABLE SOURCE OF FINANCING FOR THE REFINERY IN THE PLAN. EMBASSY BELIEVES THAT THE GOVERNMENT'S PLANS FOR THE HERAT SUGAR REFINERY ARE RATHER TENTATIVE AND NOT LIKELY TO BE AMPLIFIED IN THE NEAR FUTURE. IT MIGHT BE NOTED THAT THE PRESENT PRODUCTION OF SUGAR BEETS IN HERAT IS NOWHERE NEAR THAT NEEDED TO SUPPLY A REFINERY OF THIS SIZE.

5. ALSO, IN THE SEVEN-YEAR PLAN IS ANOTHER PROPOSED SUGAR REFINERY TO PROCESS SUGAR CANE IN JALALLABAD TO BE FINANCED BY IRAN. THIS IS ANOTHER DOLS 45 MILLION PROJECT TO BUILD A REFINERY WITH A CAPACITY OF UNCLASSIFIED

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30,000 TONS ANNUALLY. AS IRANIAN AID HAS NOT BEEN FORTHCOMING RECENTLY, THIS PROJECT IS CURRENTLY NOT ACTIVE.

6. ABAWI IS THE CONTACT IN THE AFGHAN GOVERNMENT FOR AMERICAN FIRMS WHO ARE INTERESTED IN THE SUGAR REFINERIES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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From: KABUL
Handling Restrictions: n/a
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Office: ACTION COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 211365, 77 KUWAIT 5032
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1368192
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT: BAGHLAN SUGAR REFINERY
TAGS: BENC, AF
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e93c034d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009